

Minutes of Measure I Advisory Committee Meeting of December 4, 2017

**One Twin Pines Lane
City Hall, Suite 360
CALL TO ORDER 4:33 P.M.**

ROLL CALL

COMMITTEE MEMBERS PRESENT: Hayes, Raffin, Shane, Tippakorn, Wood

STAFF PRESENT: Finance Director Fil, Deputy Finance Director Paras, City Manager Scoles, City Attorney Rennie, Management Analyst Voelker

OTHERS PRESENT: Members of the public

Director Fil welcomed the Measure I Advisory Committee to their first meeting and gave a brief explanation of their two annual meetings – one to look back and review the audit of the Measure I Fund, and one in the spring to look forward at planned projects for Measure I Fund use.

ITEMS OF BUSINESS

1. Selection of Chairperson

Director Fil explained that the Committee needs to select a Chairperson and Vice-Chairperson, which will be on an annual rotation from here on out. Committee Member Tippakorn moved to nominate Committee Member Wood as the Chair. Discussion ensued.

ACTION: Moved by Committee Member Tippakorn, seconded by Committee Member Hayes, by unanimous voice vote, the Measure I Advisory Committee appointed Committee Member Wood as Chair of the Committee.

Committee Member Tippakorn then nominated Committee Member Hayes to serve as Vice-Chair.

ACTION: Moved by Committee Member Tippakorn, seconded by Committee Member Shane, by unanimous voice vote, Committee Member Hayes was appointed as Vice-Chair of the Committee.

Chair Wood stated that he thought it would be beneficial for the Committee to have a discussion clarifying their role in order to provide more substantive understanding. Committee Member Hayes opined on what the report to Council should include. The Committee agreed to table this discussion to agenda item on their report to Council.

2. FY 2017 Audit Results

Deputy Director Paras provided a brief summary overview of the audit results for Measure I Fund for fiscal year 2017, noting that the City received a clean audit opinion for the first year of Measure I Fund revenues. She stated that the City recognized revenues totaling \$251,184 in transactions and

use tax for a portion of the quarter beginning April 1, 2017 (when the tax became effective) and ending June 30, 2017. No funds were expended from the fund balance as of June 30, 2017.

Deputy Director Paras responded to a Committee Member's question, noting that the interest rates at June 30 were approximately 1%. She also acknowledged a typographical error on page 5 of the Measure I Fund financial statements that was brought to staff's attention (Note 1 – Background, line 2 should state "...with 55% of the vote."). Deputy Director Paras conveyed that she confirmed with the City's independent auditor that this error is not material enough to warrant a restatement or re-issuance of the financial statements, as it does not impact the financial reporting, but that the error will be corrected prospectively in future Measure I Fund audits.

Director Fil noted that, while the Measure I Fund revenues were slightly below what the City had estimated, he believes that the Committee will see more of a trend after the City has collected revenues for a full year and some history has developed.

ORAL COMMUNICATION/PUBLIC COMMENTS

Perry Kennan, Belmont resident, spoke on the Committee's role as it is described in the City Code. He opined that it is a farce and encouraged complete disclosure from the City on the Committee's role. He stated that information such as amounts spent on infrastructure for the last five years should be included in the information that the Committee should be reviewing, noting that the citizens want to know that there has been incremental expenditures.

Tim Strinden, Belmont resident, opined that the Committee role needs to be expanded to review all infrastructure spending. He noted that City Council can broaden the Committee's scope to make it more meaningful. He also noted that not correcting the error on page 5 of the audit report reflects poorly on the report's credibility. He suggested that these meetings be recorded for increased transparency.

Discussion ensued amongst the Committee. Chair Wood stated that he did not feel strongly compelled to change the typographical error in the auditor's report. More discussion developed, and the Committee agreed that they would make note of the error in their report to Council, but did not find it necessary to have the independent auditor correct the error now or reissue the financial statements.

Director Fil explained that the City Code spells out the Committee's duties, which consist mainly of two parts; in the spring, the Committee will have a more robust discussion on project detail and how the Measure I funds are planned to be expended. During that time, staff will inform the Committee of what projects and amount of funds they can expect to see over the coming year. He clarified that the point of monitoring is so that the Committee can ensure that the Measure I funds that are expended, are being spent on streets and storm drains, as Council prescribed. He went on

to review the Committee's role in detail, as it is stated in the Belmont City Code, noting that Council already took action on how they intend to spend the Measure I funds and, as such, those funds have been placed in a separate fund within the General Fund.

Committee Member Raffin expressed his concern that the auditor's report does not have the detail necessary for the Committee to dutifully fulfill their role. Discussion followed. Chair Wood expressed that, while he knows incremental data is impossible, he would like to see more financial information on infrastructure sooner rather than later. Director Fil encouraged the Committee to keep the scope of the meeting to the role that is prescribed by the City Code/Ordinance, and the intentions of City Council. Chair Wood opined that he felt it was reasonable for the Committee to expect information on infrastructure spending in order to carry out their role. More discussion ensued.

Deputy Director Paras and Director Fil assured the Committee that more information on expected spending and infrastructure projects would be available at the next meeting. Committee Member Raffin inquired as to whether there would be a level of detail available in order to check the reported audit numbers against the work that was actually completed. Deputy Director Paras responded that the City has a similar report (Measure A) that perhaps staff can use as a starting point template for project reporting and that there is still plenty of time for staff to instruct the auditors on reporting detail during the interim audit next year. Chair Wood also added that the Committee would like visibility to infrastructure spending outside of Measure I. Director Fil clarified that this Committee's scope is on Measure I only.

3. Consideration of Draft Measure I Advisory Committee Annual Report

The Committee reviewed the draft staff report and discussed at length certain suggested edits. The Committee concurred that Management Analyst Voelker would make the agreed-upon edits and forward the draft report to Chair Wood for any final edits and feedback before finalizing it to be transmitted to the Council.

ACTION: Moved by Chair Wood, seconded by Vice-Chair Hayes, by unanimous voice vote, the Measure I Advisory Committee Annual Report was recommended for approval by the City Council, with the edits as discussed.

Vice-Chair Hayes commented on the different amounts of Measure I Fund revenues reported in the audit report and several months later in the City Manager's Weekly Update. Director Fil explained that the variance was due to tax period cut-offs, and that the revenues reported in the audit report were accurate from April through June 30th. Length discussion ensued. Director Fil noted that he would send the Committee an easy-to-read tax schedule that would likely help make sense of the variance.

ORAL COMMUNICATION/PUBLIC COMMENTS

Perry Kennan, Belmont resident, requested clarification on who sets the agenda and what the rules are regarding agenda setting for this Committee.

Tim Strinden, Belmont resident, stated that he disagreed with a comment that was made earlier by Director Fil and that the Committee can and should review the audit.

Chair Wood commented that the City pays the independent auditor for a reason and a specific scope of work and that he sees value in those controls. He stated that he's of the opinion that the Committee does not need to go that deep in auditing the auditor's work.

Director Fil stated that the Committee's meeting is limited to what is agendized. He offered that, in the future, staff can send the agenda to the Chair as a preliminary draft for review prior to finalizing and posting. He added that the next agenda for the Committee's spring meeting will be to discuss upcoming infrastructure projects for Measure I fund expenditures and to discuss information needed for the audit report.

Committee Member Shane inquired as to whether the Committee could receive the agenda with more lead time in order to prepare for the meeting. Chair Wood commented that perhaps additional meetings of the Committee are necessary just for the first year of the Measure I tax implementation in order to ensure that there is enough detail in advance of the audit report being published. Deputy Director Paras offered to route the Measure A report to the Committee in order to assess whether a similar project reporting template would suffice for this Committee's needs.

In response to an inquiry by Chair Wood, Director Fil estimated that the next meeting of the Committee would likely be in the spring, probably in the March timeframe.

ADJOURNMENT 6:24 p.m.

**Nawel Voelker
Management Analyst**